

I. REQUEST BY APPROPRIATION ACCOUNT

Export and Investment Assistance
Bilateral Economic Assistance
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Multilateral Economic Assistance

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EXPORT AND INVESTMENT ASSISTANCE

Export-Import Bank of the United States
Overseas Private Investment Corporation
Trade and Development Agency

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Export-Import Bank
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
EXIM-Admin	63,000	68,327	76,575
EXIM-Dir Loan	(25,000)	(13,000)	(113,000)
EXIM-Loan Act	727,323	541,400	0

The Export-Import Bank of the United States (Ex-Im Bank) is an independent corporate agency of the United States that was first organized as a District of Columbia banking corporation in 1934. Continuation of Ex-Im Bank as an independent corporate agency of the United States is subject to periodic extensions granted by Congress. Congressional authorization has been extended through September 30, 2006. For FY 2003, the re-authorization increased Ex-Im Bank's overall limit on loans, guarantees, and insurance that can be outstanding at any one time from \$80 billion to \$85 billion. The limit increases by an additional \$5 billion each year through FY 2006. In addition, the re-authorization created an Inspector General for the Ex-Im Bank.

The purpose of Ex-Im Bank, as stated in the Export-Import Bank Act, as amended, is to facilitate U.S. exports by providing competitive export financing to U.S. exporters that are facing foreign competition for an export sale where the foreign competitor is offering officially supported financing and by providing export financing where the private market is unwilling or unable to offer this financing. All credits approved by Ex-Im Bank must meet the standard of reasonable assurance of repayment. By providing such financing, Ex-Im Bank is helping U.S. exporters to maintain or create U.S. jobs.

In pursuit of its mission of maximizing support for U.S. exports Ex-Im Bank offers four financial products: loans, guarantees, working capital guarantees, and insurance. All Ex-Im Bank guarantees carry the full faith and credit of the U.S. government.

Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85% of the U.S. export value. The buyer must make a cash payment to the U.S. exporter of at least 15% of the U.S. contract value.

Ex-Im Bank guarantees cover the repayment risks on the foreign buyer's debt obligations. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will repay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers 100% of the commercial and political risks for 85% of the U.S. contract value.

Under the Working Capital Guarantee program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's guarantee protects the lender from default by the exporter for 90% of the principal of the loan and interest.

Ex-Im Bank's export credit insurance program helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign buyer or other foreign debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only specific political risks, or cover short-term or medium-term sales.

Ex-Im Bank's operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act of 1990 (P.L. 101-508). The Federal Credit Reform Act requires U.S. government credit programs to estimate the subsidy cost of their credit program and to seek an appropriation from Congress to cover that cost. Loans and guarantees may not be committed unless sufficient appropriations are available to cover the calculated subsidy cost.

In FY 2002, Ex-Im Bank supported \$12.9 billion in exports under the Loan, Guarantee, Insurance and Working Capital programs. The Bank used approximately \$740 million in appropriated subsidy to support this level of exports.

The FY 2004 Program Budget Request forecasts an annual authorization of \$14.6 billion requiring approximately \$460 million in appropriated program budget. This authorization level is comprised of direct loan authorizations are estimated to be \$272 million with a program budget usage of \$1.6 million, and guarantee and insurance authorizations estimated to be \$14,320 million with program usage of \$441 million. In addition, it is estimated that Tied Aid authorizations will be \$50 million, using \$16.5 million of program budget from the Tied Aid War Chest fund.

The Ex-Im Bank is requesting no new program budget funds in FY 2004. Congress appropriates program budget funds that are available for four years and Ex-Im Bank projects sufficient carryover funds into FY 2004 to support fully the total authorization level without any new appropriation.

Funding at the requested administrative expense level will enable the Bank to provide necessary services to the exporting community on a timely basis, increase debt collection efforts, process claim payments expeditiously, and attempt recoveries of those payments to the fullest extent possible. It will also allow the Bank to provide thorough portfolio and risk analysis on a regular basis, reach new exporters, and expand small business awareness of export potential.

Full administrative funding is essential if the Bank is to fulfill its Congressional mandate to preserve jobs here in the United States by helping exporters compete in the world market place. Decreased processing time, increased debt collection efforts, expeditious processing of claim payments, better portfolio and risk analysis, and reaching new exporters are all dependent on sufficient personnel, personnel training, and upgrading of equipment.

Overseas Private Investment Corporation
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
OPIC-Admin	38,608	39,885	42,385
OPIC-CF	0	24,000	24,000
OPIC-NOC	(259,608)	(291,000)	(264,385)

The Overseas Private Investment Corporation (OPIC) contributes to U.S. strategic economic goals by promoting U.S. private investment in developing and transitional economies, thereby stimulating economic growth. OPIC's political risk insurance and financing help U.S. businesses of all sizes invest in 150 emerging markets and developing nations worldwide. The agency makes developmental projects possible by bridging gaps when sufficient financing and political risk insurance are not available from the private sector, by leveraging resources so that additional private sector and multilateral institution dollars are attracted to the projects, and by using its unique position to mitigate project risk.

In fulfilling its mission to mobilize and facilitate the participation of U.S. private capital in economic development, OPIC places emphasis on countries and sectors that have been identified as development and foreign policy priorities. Based on these priorities, in FY 2004 OPIC will place special emphasis on the following areas:

- Small business
- Russia and Central Asia (including Afghanistan and Pakistan)
- Sub-Saharan Africa
- Mexico
- Housing

OPIC's policy of making good corporate citizenship a key element of responsible risk management contributes to two other U.S. strategic goals: opening political systems and societies to democratic practices, the rule of law, good governance, and respect for human rights; and securing a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation. OPIC urges investors to avoid significant problems by adhering to recognized labor and environmental standards and anti-corruption laws. Projects are encouraged to play a positive role in host communities by recruiting and training local citizens for professional and management positions, responding to local education and health needs, and maintaining transparency through community outreach programs. While each project has the flexibility to address its corporate citizenship role in the most appropriate manner, OPIC will continue to ensure that all projects it supports meet its core statutory requirements.

Ultimately, good corporate citizenship is a long-term risk mitigation strategy that serves OPIC, the investor, and the host country equally well. An example of the good corporate citizenship practices of an OPIC-supported project is a flour mill in Haiti that was privatized in 1998 and became fully operational in 1999. The production from the flour mill has virtually replaced all of the country's flour imports. The mill provides employment for 300 people and on occasion hires up to 120 additional temporary workers. In addition, the power generator from the mill supplies electricity to the neighboring town, free of charge. The mill plans to subsidize road repairs in the area, heavily supports local schools, and has even hired a veterinarian to service the animal husbandry of its clients. Far from being an exception, the civic involvement of the mill is fairly typical of the efforts made by larger OPIC-supported projects in their host communities.

Since 1971, OPIC has supported more than 3,100 projects throughout the developing world. As of September 30, 2002, OPIC managed a portfolio of 130 active finance projects and 228 active insurance contracts. Examples of OPIC's support for developmental projects in FY 2002 include providing financing for water projects in Ghana and Mexico, agriculture in Ecuador, a medical testing facility in Ethiopia, a low income housing project in South Africa, and tourism development in Thailand and Mongolia, among other projects. Additionally, in FY 2002 OPIC provided political risk insurance to developmental projects in Chad, El Salvador, Georgia, Kenya, Nigeria, Pakistan, Russia, Togo, and Turkey, among other locations. Project activities supported by OPIC are diverse and include manufacturing plants, communications operations, gas pipelines, power plants, financial services institutions, mining operations, tourism/hotel projects, and agricultural operations.

Over the agency's 32-year history, OPIC has supported \$142 billion worth of investments that have helped developing countries generate over \$11 billion in host-government revenues and create approximately 673,000 host-country jobs. OPIC's projects have also generated \$64 billion in U.S. exports and supported over 250,000 American jobs. The 45 new insurance and finance projects OPIC supported in FY 2002 are expected to provide significant benefits for U.S. exports, balance of payments, and employment. During the first five years of operation, the projects will generate an estimated 5,596 person-years of direct and indirect employment for U.S. workers, equivalent to approximately 1,119 U.S. jobs. American firms will supply a substantial portion of the initial procurement for OPIC's projects, resulting in U.S. exports of capital goods and services of approximately \$464 million during the next five years.

In FY 2004, supporting small business will remain an OPIC priority. OPIC's authorizing legislation directs the agency to pay special attention to the needs of American small businesses (Foreign Assistance Act of 1961, as amended, Title IV, Sec. 231 (e)). OPIC has made significant progress in this area during the last year. An important milestone was reached late in FY 2002, when OPIC and the Small Business Administration (SBA) reached a Memorandum of Understanding that will advance both their missions. With SBA's active participation, OPIC is looking forward to reaching out to many American small businesses that might otherwise have not been aware of OPIC's products and services. To measure the results of its new partnership with SBA, OPIC will track the number of small business deals that come to the agency via contact with SBA. OPIC's focus on small business has already paid off with over 60 % of FY 2002 transactions being small business deals. In FY 2003 and FY 2004, OPIC anticipates that its new relationship with SBA will begin to bear fruit, and additional time and resources will be devoted to these deals.

Housing is another area in which OPIC can support American development goals. Between two and three billion people in the developing world have inadequate housing. OPIC's initiative in the area of housing finance has received increased emphasis under the new administration. The focus has broadened from an original emphasis on Central America and the Caribbean to include new and important geographic regions such as Sub-Saharan Africa, the Balkans, and Eurasia. Equally important, the initiative fits extremely well into the U.S. government's Monterrey Initiative, as announced by President Bush. Countries that adopt principles of sound governance are the countries most ready for increased private sector funding for their housing programs. OPIC's ability to assist and support the U.S. private sector in responding to these housing needs is critical. OPIC's participation helps bring the full level of U.S. technology, management skills, and the capabilities of the capital markets to the overseas housing construction and finance markets, thereby promoting effective housing programs in the developing markets. OPIC also recently hired a director to oversee the agency's housing activities and to reemphasize housing as a priority area of OPIC activity. By FY 2004, OPIC hopes to have several highly developmental housing projects in its pipeline.

OPIC contributes to these important U.S. goals at home and abroad while operating on a self-sustaining basis, at no net cost to the American taxpayer. OPIC does not get direct appropriations, but instead receives

authority to spend its own earnings. These earnings are also the basis for OPIC's contribution (in the form of net negative budget authority) to the International Affairs budget. For FY 2004, this contribution is estimated to be \$198 million.

To continue this self-sustaining approach to government in FY 2004, OPIC requests the authority to spend \$42.4 million of its revenues for administrative expenses. The total includes \$40.4 million for baseline administrative needs and \$2 million for important information technology (IT) improvements. In addition, in FY 2004 OPIC requests \$24 million in credit funding to support an estimated \$800 million of direct loans and loan guarantees. The \$24 million credit funding request is the same as requested in the FY 2003 budget. With the exception of FY 2002, when no credit funding dollars were authorized due to the availability of carry-over funding, OPIC has been authorized \$24 million in credit funding in every year since FY 2000.

Trade and Development Agency
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
TDA	50,024	44,512	60,000

The U.S. Trade and Development Agency (TDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits, and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

TDA is unique in that it is flexible and can respond quickly to requests for foreign assistance and infrastructure planning and is at the front end of trade liberalization. As a result, TDA is one of the first agencies to enter new markets and to provide assistance to priority countries. TDA makes the host country an integral part of identifying key development needs. The agency is able to use its tools to select and mold a plan in order to meet the host countries specific developmental objectives.

TDA's key goals and objectives are: supporting U.S. policy in critical nations and regions; increasing foreign access to American products, services and expertise; leveling the playing field against foreign firms that receive subsidies and other government support; and assisting U.S. firms, especially small and medium-sized enterprises, to participate in the international arena.

TDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, TDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, TDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

The proposed FY 2004 budget will allow TDA to focus on the following priorities:

- Maintain the ability and flexibility to promote U.S private sector participation in developing and emerging countries, with special emphasis on economic sectors that represent significant U.S. developmental priorities, export potential and/or policy impact.
- Maintain current program activity while pursuing new opportunities in countries such as Afghanistan and the Frontline States, Africa and China.
- Leverage core competencies to invoke an immediate response to new developments in a rapidly changing national security environment. TDA is actively engaged in transportation security projects such as the Secure Trade in the APEC Region (STAR) Initiative where the agency will work to provide assistance to help plan and develop model port projects.
- Provide policy support for U.S. Government initiatives by funding projects and technical assistance related to the implementation of international trade and development initiatives like the African Growth and Opportunity Act (AGOA), the U.S.-Mexico Partnership for Prosperity (P4P), the STAR Initiative, and various free trade agreements.

TDA is able to work effectively with other U.S. Government agencies to bring their particular expertise and resources to a development objective, including the U.S. Trade Representative, the Departments of Transportation (including the Federal Aviation Administration), Commerce, State, Treasury (including the U.S. Customs Service), Energy and Agriculture.

BILATERAL ECONOMIC ASSISTANCE

United States Agency for International Development
Other Bilateral Economic Assistance
Independent Agency
Department of State
Department of the Treasury
Complex Foreign Contingencies
Emergency Plan for AIDS Relief
Famine Fund

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Overview
Development Assistance
Development Assistance Detail
Child Survival and Health Programs Fund
Child Survival and Health Programs Fund Detail
International Disaster Assistance
Transition Initiatives
Development Credit Program
USAID Operating Expenses
USAID Capital Investment Fund
USAID Office of the Inspector General

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United States Agency for International Development
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID	3,519,000	3,887,400	3,923,900
USAID-ERF	161,000	0	0
USAID-SUP	47,000	0	0

Today more than ever, U.S. foreign policy toward the developing world plays a vital role in the global balance between conflict and peace. U.S. national security challenges are increasingly complex and the role of development is recognized as pivotal. This is reflected in President Bush's National Security Strategy of the United States, issued on September 17, 2002, which for the first time elevated development as the third component of U.S. national security, alongside defense and diplomacy.

As development challenges are evolving in the new, global environment, the U.S. Agency for International Development (USAID) is moving in new directions to meet these challenges. USAID is in a period of significant reorientation and reform, seizing upon the opportunity to build on its previous successes and provide international development assistance in line with changing U.S. national interests, foreign policy objectives, and values.

The FY 2004 budget request reflects the Administration's new focus and impetus to the role of foreign assistance in enhancing our national security and promoting a sound economic development agenda. USAID, through its programs and staff in developing and transition countries, will strengthen U.S. leadership in the provision of hope and opportunity for people in the developing world by:

- Driving economic and private sector growth by encouraging economic freedom, integration into global markets, and technology transfer, particularly in the agricultural sector, and promoting education and sustainable management of the world's natural resources.
- Improving people's health, especially by addressing the devastating effects of HIV/AIDS and other infectious diseases.
- Promoting democratic governance, and reducing the sources of conflict.
- Responding to international disasters and delivering humanitarian assistance to countries facing crises.
- Mobilizing private sources of foreign aid.

Program Pillars and Priorities

USAID structures its program around three pillars to better concentrate, focus, and manage its technical capability and knowledge: (1) Economic Growth, Agriculture, and Trade, including the important sectors of the environment and education; (2) Global Health, including child survival and maternal health, HIV/AIDS, infectious diseases, family planning and reproductive health; and (3) Democracy, Conflict, and Humanitarian Assistance.

The FY 2004 budget request addresses priority issues within these pillars. USAID has requested increased funding to promote trade and investment, notably the Trade for African Development (TRADE) Initiative, and support for the Central America Free Trade Agreement (CAFTA), while continuing programs in micro-

enterprise and small business development worldwide. USAID will increase attention to agriculture as an important contributor to economic growth and trade, especially in Latin America and Africa. Particular emphasis is given to an initiative Cut Hunger in Africa. The request includes funding for four environmental initiatives--Water for the Poor, Clean Energy, Congo Basin Forest Partnership, and Global Climate Change as well as ongoing programs aimed at sustaining natural resource management, forestry, reducing illegal logging, and minimizing pollution. USAID will continue efforts in supporting elections, political party development, rule of law, security, anti-corruption, human rights, and conflict prevention. Health activities will focus on infectious diseases programs, especially HIV/AIDS, the President's Mother-and-Child HIV Prevention Initiative, and the USAID contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Education will remain an Agency priority with increased funding and a focus on basic education in Africa, Latin America, and in selected front line states of South Asia and the Near East. Finally, USAID plans to increase support to the Afghan people as they rebuild their country and to support other front line states, including expanded programs in Central Asia, Pakistan, and Sudan.

The FY 2004 overall request for USAID's directly managed programs totals \$5.074 billion, including; Development Assistance, Child Survival and Health, International Disaster Assistance, Transition Initiatives, Operating Expenses, Capital Investment Fund, Development Credit Program's administrative expenses, and \$1.185 billion in P.L. 480 Title II food aid (which falls under the Subcommittee on Agriculture and is appropriated through the U.S. Department of Agriculture and managed by USAID). These figures exclude funding for programs jointly managed with the Department of State (e.g., the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the Former Soviet Union).

Economic Growth, Agriculture, and Trade (EGAT)

The FY 2004 request for USAID's Economic Growth, Agriculture, and Trade pillar is \$1.133 billion in Development Assistance (DA) funds.

Assistance provided under this pillar will promote stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade. The request addresses global challenges and is designed to strengthen the performance results for local capacity building of governments, entrepreneurs, investors, traders, scientists, farmers, and parents' and community groups. Activities will support nine presidential initiatives in trade and investment, agriculture, education, and environment. USAID will rebuild agricultural programs worldwide to pursue programs that reduce hunger and provide for technology transfers, including biotechnology. Increased funding for basic education, higher education, and training will continue to improve the skills of both the labor force and the population as a whole. This pillar also addresses strategic issues in energy, urban development, and gender. The interrelationship and interdependence of economic growth, environmental sustainability, and the development of a country's human capital will be highlighted in this pillar.

Increased emphasis will be given to trade and agriculture as important contributors to economic growth, especially in Africa and Latin America. Economic Growth programs (\$315.7 million) will promote trade-led growth and development, in particular through support for CAFTA and the TRADE Initiative. Agriculture (\$268.5 million), including increased funding in Africa, will focus on helping reduce hunger and foster trade and growth. Education (\$262 million), will provide increased funding for basic education and support continuing programs in higher education, training, and adult literacy. Environment (\$286 million) programs will address global climate change, biological diversity, forest and natural resource management, water and sanitation, and increase renewable and clean energy services.

Global Health

The FY 2004 request for the Global Health pillar is \$1.495 billion in Child Survival and Health Programs Funds.

Investing in the health of the world's population contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security. USAID is recognized as a world leader in global health, including child survival and maternal health, HIV/AIDS, infectious diseases and family planning/reproductive health. As HIV/AIDS and other infectious diseases continue to threaten the health of families and children in developing countries worldwide, USAID works to eliminate these threats and improve the health and livelihoods of people across the globe. The resource request will focus on evolving health issues, especially HIV/AIDS. Global Health will also support public-private health partnerships such as the Global Fund for AIDS, Tuberculosis, and Malaria; International AIDS Vaccine Initiative; Global Alliance for Vaccines and Immunization, and UNAIDS. In addition, where performance indicators are strong, USAID will continue supporting health, nutrition, infectious diseases, and family planning programs.

The Global Health request for HIV/AIDS is \$750 million, including \$150 million for the President's Mother and Child HIV Prevention Initiative, and will focus on priority countries in sub-Saharan Africa, the Caribbean Basin, and South Asia. (e.g., India, Indonesia, and Cambodia). Also included is the \$100 million USG contribution to the Global Fund for AIDS, Tuberculosis, and Malaria.

The remaining \$745 million is proposed for child survival and maternal health, family planning and reproductive health, programs for vulnerable children, and prevention of other infectious diseases. The request will be used to address the primary causes of maternal and child mortality, and to improve health care systems, primarily in sub-Saharan Africa and South Asia. Particular support also will be given to the prevention and control of tuberculosis and malaria, and programs to combat anti-microbial resistance and disease surveillance, focusing on sub-Saharan Africa, the Caribbean Basin, and South Asia.

Democracy, Conflict, and Humanitarian Assistance

The FY 2004 request for USAID's Democracy, Conflict, and Humanitarian Assistance pillar which totals \$1.688 billion, is comprised of \$212 million DA, \$236 million International Disaster Assistance (IDA), \$55 million Transition Initiatives (TI), and \$1.185 billion P.L. 480 Title II food aid.

Over the past quarter-century, democracy has become the world's most common form of government. Of the world's 200 countries in 2001, 124 were democracies -- the highest number ever. But beneath this expansion of democracy is growing disenchantment with political leaders seen by their people as corrupt, self-serving, and unable or unwilling to address economic and social problems. In many developing and post communist countries, people are losing confidence not just in elected officials but also in democratic institutions. Promoting democratic governance is a high priority in U.S. foreign aid. Democracy and good governance are required to spur development and reduce poverty in poorly performing countries. It is also vital to U.S. national security.

USAID continues to stand at the forefront of agencies around the world in its ability to respond to man-made and natural disasters. Requested funding will enable USAID to maintain its unique capability to provide needed help rapidly when international emergencies occur.

International Disaster Assistance (\$236 million) supports emergency relief and transitional activities in response to natural and man-made disasters that are often accompanied by displacement of large numbers

of people. These include health interventions, agriculture and food security, nutrition, and water and sanitation, targeting drought-affected populations in Ethiopia and Southern Africa, among others.

Transition Initiatives (\$55 million) funds programs to meet challenges in conflict-prone countries and those making the recovery from crisis. TI programs often bridge the gap between emergency humanitarian assistance and longer-term development.

Development Assistance (\$212 million) funds programs for democracy and local governance, conflict, and human rights. The FY 2004 request includes funds for elections, political party assistance, rule of law, security, anti-corruption, human rights, and conflict prevention programs, with a focus on combating terrorism in Central and South Asia.

Global Development Alliance

U.S. development assistance is generally measured solely as the official assistance that the government provides through USAID, Peace Corps, multilateral institutions, and programs sponsored by the State Department and Department of Defense. But many nongovernmental sources also provide foreign aid: foundations, corporations, private and voluntary organizations, colleges and universities, religious organizations, and individuals. In fact, private sources of foreign aid provide nearly \$33.6 billion a year, or three times the official U.S. assistance figure. With private assistance predominating, USAID must develop stronger partnerships with the full array of private sources.

The Global Development Alliance (GDA) is a fundamental reorientation in how USAID sees itself in the context of international development assistance, in how USAID relates to its traditional partners, and in how it seeks out and develops alliances with new partners. The GDA model extends USAID's reach and effectiveness in meeting development objectives by combining its strengths with the resources and capabilities of other prominent actors.

FY 2004 represents the third year of existence for GDA, and its principles have become integrated into USAID strategies and practices. As a result, GDA is no longer a separate budget item and the \$15 million requested will be programmed under EGAT pillar programs.

Meeting the Management Challenge

USAID is committed to improving the way it does business to ensure that it stays at the forefront of development in this new era. To accomplish this, USAID is requesting an increase in Operating Expenses (OE) to cover administrative costs associated with managing \$7.8 billion in programs worldwide. OE funding increase will also support opening and maintaining new Missions in Afghanistan and Pakistan, hiring additional HIV/AIDS specialists, and covering the cost of increased security needs worldwide.

USAID is addressing the President's Management Agenda, having implemented improvements in the Agency's internal management practices and creating simpler, more efficient personnel, finance, procurement, information, and administrative systems. The FY 2004 budget request was developed using USAID's new strategic budgeting model, which allocates resources on the basis of country need, program performance, and country commitment to key criteria such as economic freedom, investment in people, and ruling justly. USAID will continue development of the strategic budgeting model during FY 2004 and plans to fully implement the new strategic budgeting system by FY 2005. USAID is focused on performance-based management to ensure that every tax dollar will be spent wisely, leveraging the Agency's funds to help build local capacity and attract private investment.

USAID must have adequate security to safeguard employees frequently working in difficult situations, and especially in locations that are high threat.

In addition to managing the accounts and programs discussed below in this section, USAID manages programs under other accounts jointly administered with the State Department. Those accounts--Economic Support Fund, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the Former Soviet Union--address most of the same objectives noted above.

Development Assistance
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
DA	1,178,000	1,365,533	1,345,000

The Development Assistance (DA) request reflects the President's commitment to promoting sustained economic growth in developing and transitional countries, with measurable goals and concrete benchmarks for achieving these goals. The keys to sustainable economic growth are trade, investment, and governance. This request ensures that investments in agriculture, education, environment, health, and democracy support sustainable economic growth. The Administration's FY 2004 DA request includes funding for two of the three program pillars, plus a limited amount for the Global Development Alliance.

The DA request for the Economic Growth, Agriculture, and Trade (EGAT) pillar is \$1.133 billion:

- Agriculture (\$269 million) programs will rebuild agricultural capability in developing countries, especially sub-Saharan Africa and South Asia. Programs will focus on promotion of sustainable agriculture, reducing hunger, and providing for technology transfers, including biotechnology.
- Economic Growth (\$316 million) programs focus on trade and investment, by strengthening private markets, providing access to economic opportunity for the rural and urban poor, and supporting micro-enterprise lending -- thereby, increasing the capacity of developing countries to participate in, and benefit from, global trade and investment.
- Education programs (\$262 million) include \$212 million for basic education programs that will strengthen pre-primary, primary, secondary education, and teacher training. Efforts are focused primarily in Africa and Latin America, but also include targeted work in South Asia and the Near East. DA will also fund programs for higher education, training, and adult literacy (\$51 million).
- Environmental programs (\$286 million) will reduce the threat of global climate change, conserve biological diversity, promote sound management of natural resources including forest, reduce illegal logging, provide access to clean water and sanitation, promote sustainable urbanization and pollution control, and increase renewable and clean energy services.

The DA request for the Democracy, Conflict, and Humanitarian Assistance (DCHA) pillar is \$212 million:

- This request is based on the understanding that democratic governments are more likely to observe international laws and pursue policies that reduce poverty and terrorism.
- Program focus is on conflict prevention, democracy, and local governance by strengthening the rule of law and respect for human rights, encouraging credible and competitive political processes, promoting the development of a politically active civil society, and making government institutions more transparent and accountable. USAID will continue the integration of democracy programs with new approaches in dealing with conflict resolution, including programs that address the economic causes of conflict.
- In addition to this DA request, the FY 2004 request for the DCHA pillar includes \$236 million in International Disaster Assistance (IDA), \$55 million in Transition Initiatives (TI), and \$1.185 billion in P.L. 480 Title II funding.

Development Assistance
(\$ in thousands)

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Africa			
Angola	5,118	2,750	2,500
Benin	8,982	7,923	6,892
Burundi	4,200	3,500	1,800
Democratic Republic of Congo	4,773	10,024	6,082
Eritrea	5,558	4,619	840
Ethiopia	20,200	18,104	15,438
Ghana	15,963	18,688	14,575
Guinea	15,442	15,765	11,095
Kenya	13,547	13,280	3,776
Liberia	3,725	3,100	1,100
Madagascar	10,540	9,785	10,945
Malawi	13,829	13,397	10,555
Mali	21,688	21,340	17,027
Mozambique	22,438	23,692	16,061
Namibia	8,183	5,080	4,932
Nigeria	21,968	23,879	12,639
Rwanda	6,402	6,023	4,810
Senegal	13,950	13,618	12,209
Sierra Leone	6,413	3,400	3,727
Somalia	2,267	2,700	965
South Africa	37,304	36,278	27,457
Sudan	10,631	22,000	49,613
Tanzania	8,108	10,446	3,227
Uganda	24,724	24,385	20,273
Zambia	14,822	12,881	9,632
Zimbabwe	2,512	1,885	746
Africa Regional	63,660	102,646	64,976
Agriculture Initiative	5,000	20,000	43,000
Anti-Corruption Initiative	300	7,500	6,000
Congo Basin Forest Partnership	-	-	15,000
Education for Development and Democracy	5,000	-	-
Education Initiative	10,000	22,000	50,000
REDSO/ESA	15,859	13,163	7,404
Regional Center for South Africa	20,117	24,731	12,771
Trade Initiative	-	15,000	25,000
West Africa Regional	10,773	8,018	5,878
Subtotal - Africa	453,996	541,600	498,945

Development Assistance
(\$ in thousands)

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
East Asia and the Pacific			
Cambodia	-	-	2,000
Indonesia	38,704	38,704	31,691
Laos	1,000	1,000	-
Philippines	24,459	26,609	23,068
Thailand	750	2,250	750
Vietnam	6,950	8,450	4,000
Subtotal - East Asia and the Pacific	71,863	77,013	61,509
International Organizations			
International Organizations/Partnerships	7,500	5,000	-
Subtotal - International Organizations	7,500	5,000	-
Near East			
Lebanon	600	500	500
Morocco	5,766	6,713	5,400
Subtotal - Near East	6,366	7,213	5,900
South Asia			
Afghanistan	10,701	-	150,000
Bangladesh	21,670	24,720	18,850
India	29,200	34,400	27,100
Nepal	7,597	11,247	14,311
Pakistan	10,000	37,500	50,000
Sri Lanka	5,150	5,750	5,000
Subtotal - South Asia	84,318	113,617	265,261
Western Hemisphere			
Bolivia	12,853	12,230	11,380
Brazil	4,799	6,680	8,222
Dominican Republic	6,450	8,000	10,600
Ecuador	6,840	7,130	7,130
El Salvador	45,640	24,096	28,712
Guatemala	12,320	14,960	10,700
Guyana	3,100	2,180	2,750
Haiti	250	11,000	7,150
Honduras	15,430	22,530	22,226
Jamaica	9,471	13,710	13,060
Mexico	7,715	12,165	12,265
Nicaragua	16,602	19,730	24,152
Panama	4,500	7,000	5,750

Development Assistance
(\$ in thousands)

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Paraguay	3,600	4,600	4,000
Peru	14,969	18,870	15,316
Caribbean Regional	-	10,000	3,480
Central American Regional	15,792	20,142	17,231
LAC Regional	39,910	53,462	38,338
South American Regional	-	-	2,400
Subtotal - Western Hemisphere	220,241	268,485	244,862
Global			
Democracy, Conflict & Humanitarian Assistance	66,269	76,300	69,452
Economic Growth, Agriculture and Trade	182,297	154,800	149,703
Global Development Alliance	20,000	30,000	15,000
Global Health	3,714	3,800	-
Legislative and Public Affairs	-	-	2,000
Policy Initiatives	8,437	25,000	-
Asia-Near East Regional	46,769	55,305	26,218
Program & Policy Coordination	6,230	7,400	6,150
Subtotal - Global	333,716	352,605	268,523
Total	1,178,000	1,365,533	1,345,000

Child Survival and Health Programs Fund
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,467,500	1,473,967	1,495,000

For FY 2004, the Administration is requesting funding for the Child Survival and Health Programs Fund (CSH) which provides resources for the Global Health pillar. CSH funding supports programs that expand basic health services, and strengthen national health systems to significantly improve people's health, especially that of women, children, and other vulnerable populations. Investing in the health of the developing world contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security.

HIV/AIDS programs (\$750 million) focus on prevention, care, and treatment efforts, and the support of children affected by AIDS. This includes \$150 million for the President's International Mother and Child HIV Prevention Initiative, which seeks to prevent the transmission of HIV/AIDS from mothers to infants, and to improve healthcare delivery systems in Africa and the Caribbean. Also included is \$100 million of the USG contribution for the Global Fund for AIDS, Tuberculosis, and Malaria.

Child survival and maternal health programs (\$285 million) reduce the number of deaths in children under five and save the lives of women in childbirth. Programs address immunizations, pneumonia and diarrhea prevention and treatment, polio eradication, micronutrient deficiencies, safe birthing and antenatal care, nutrition, breastfeeding, and the USG contribution to the Vaccine Fund.

Funding for programs for vulnerable children (\$10 million) will continue to support the Displaced Children and Orphans Fund (DCOF) which strengthens the capacity of families and communities to provide care, support, and protection for orphans, street children, and war-affected children.

Other infectious diseases (\$104 million) programs support the prevention and control of tuberculosis and malaria, combat anti-microbial resistance, and improve disease surveillance and response capabilities.

Family planning and reproductive health programs (\$346 million) will help expand access to information and services regarding family planning practices. Such access will reduce unintended pregnancies, improve infant and child health, reduce their mortality rates, decrease maternal deaths associated with childbirth, and reduce abortion. These programs are integrated with programs that protect human health. Total funding for these programs remains at \$425 million, with \$346 million from CSH, and the balance of \$79 million from accounts co-managed with the Department of State (e.g., the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the Former Soviet Union).

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Africa			
Angola	6,056	5,400	11,200
Benin	7,743	6,343	7,529
Burundi	400	500	2,500
Democratic Republic of Congo	21,178	13,476	18,086
Eritrea	5,350	5,400	5,400
Ethiopia	23,057	31,950	37,168
Ghana	18,655	20,055	22,220
Guinea	6,700	7,160	6,659
Kenya	27,563	33,413	38,513
Liberia	1,600	2,100	2,045
Madagascar	8,725	8,493	8,915
Malawi	15,540	17,480	21,919
Mali	14,488	13,288	12,659
Mozambique	17,677	21,800	24,200
Namibia	1,850	1,900	2,500
Nigeria	36,066	41,356	46,300
Rwanda	12,100	12,150	14,506
Senegal	15,005	14,762	15,825
Sierra Leone	841	468	500
Somalia	500	200	411
South Africa	20,404	25,150	31,628
Sudan	500	300	16,426
Tanzania	16,700	22,490	25,164
Uganda	33,650	38,559	41,795
Zambia	30,700	37,404	40,095
Zimbabwe	6,450	14,223	15,835
Africa Regional	44,233	33,915	33,420
REDSO/ESA	9,475	9,125	14,887
West Africa Regional	19,473	19,631	23,800
Subtotal - Africa	422,679	458,491	542,105
East Asia and the Pacific			
Burma	-	-	2,500
Cambodia	15,000	22,500	22,800
Indonesia	35,568	32,568	29,250
Laos	1,000	1,000	1,350
Philippines	25,599	24,550	22,000
Thailand	1,000	1,000	3,000
Vietnam	4,106	4,006	7,200
Subtotal - East Asia and the Pacific	82,273	85,624	88,100

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Europe and Eurasia			
Kosovo	131	-	-
Subtotal - Europe and Eurasia	131	-	-
International Organizations			
International Organizations/Partnerships	297,500	326,356	251,500
Subtotal - International Organizations	297,500	326,356	251,500
Near East			
Morocco	4,600	-	-
Subtotal - Near East	4,600	-	-
South Asia			
Afghanistan	29,000	-	21,000
Bangladesh	39,950	33,700	32,000
India	41,678	40,785	40,800
Nepal	20,000	20,449	18,500
Pakistan	14,000	12,500	25,000
Sri Lanka	300	300	500
Subtotal - South Asia	144,928	107,734	137,800
Western Hemisphere			
Bolivia	19,690	18,513	14,402
Brazil	9,150	11,821	12,011
Dominican Republic	9,532	11,409	13,110
Ecuador	-	-	300
El Salvador	15,653	9,636	6,334
Guatemala	15,700	11,739	10,250
Guyana	1,000	1,000	2,000
Haiti	638	14,000	21,826
Honduras	13,177	12,561	13,861
Jamaica	3,121	3,070	3,407
Mexico	5,509	6,200	4,976
Nicaragua	8,470	7,606	6,855
Paraguay	2,525	2,025	2,025
Peru	23,666	22,027	16,732
Caribbean Regional	3,550	4,688	6,532
Central American Regional	4,000	5,412	7,628
LAC Regional	9,434	6,813	5,161
South American Regional	-	-	1,154

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Subtotal - Western Hemisphere	144,815	148,520	148,564
Global			
Democracy, Conflict & Humanitarian Assistance	25,893	23,800	3,050
Global Health	322,766	301,000	306,063
Policy Initiatives	289	-	-
Asia-Near East Regional	16,226	17,742	14,418
Program & Policy Coordination	5,400	4,700	3,400
Subtotal - Global	370,574	347,242	326,931
Total	1,467,500	1,473,967	1,495,000

International Disaster Assistance
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IDA	235,500	285,500	235,500
IDA-ERF	146,000	0	0
IDA-SUP	40,000	0	0

International Disaster Assistance (IDA) funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters. Funds in this account support USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

IDA program objectives are to: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of disaster prevention and mitigation measures in countries at risk of natural disasters; and (3) enhance follow-on development prospects in priority, post-conflict countries.

To accomplish these objectives, USAID has a well-established management structure and is staffed with disaster relief experts who draw on public and private sector resources to respond within hours following a disaster declaration. USAID deploys assessment teams to identify needs and disaster assistance response teams to coordinate emergency responses and facilitate information flows. USAID also provides search and rescue teams, ground operations teams, medical assistance, shelter, potable water, sanitation assistance, and emergency and therapeutic feeding.

Effective humanitarian assistance requires that relief, mitigation, transition, and development programs within USAID support each other. USAID collaborates with other assistance providers in the international community to coordinate programs and share the burden of relief costs. U.S. private voluntary organizations (PVOs) and non-governmental organizations (NGOs) are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

Pursuant to Section 493 of the Foreign Assistance Act of 1961, as amended, the President has designated the USAID Administrator as Special Coordinator for International Disaster Assistance. USAID works closely with the Departments of State and Defense to coordinate American relief efforts. In many disaster situations, 24-hour coverage is provided to ensure a speedy and appropriate response and the transmission of accurate information between the disaster site and participating USG agencies. Satellite communication equipment augments USAID's ability to target emergency assistance accurately and to coordinate with PVOs, NGOs, other USG agencies, and other donors.

Demands on resources have increased steadily for a number of years. In FY 2002, USAID responded to 75 disasters in 60 countries: 50 natural disasters, 17 complex emergencies and 8 human-caused emergencies. Civilians continue to suffer the horrifying consequences of conflict and natural disasters and look to the international community for life-saving and life-sustaining support.

- Angola. During FY 2002, the situation in Angola changed dramatically. At the start of the year, military forces of the Angolan Government and those of the National Union for the Total Independence of Angola (UNITA) were engaged in a civil war that disrupted lives and livelihoods throughout the country, with over four million people displaced. The death of Jonas Savimbi, leader of UNITA, led to the signing of a Memorandum of Understanding (MOU) on April 4 between the warring parties, ending 27 years of civil war. In FY 2002, OFDA's total program budget for Angola was \$20.6 million, meeting critical needs in selected areas of the Planalto

Region. OFDA's program covers key humanitarian sectors including health, nutrition, water, sanitation and coordination. OFDA field presence has been critical in playing a coordinating role among the numerous donors in Angola, but it is time to transition to and focus on development programs there.

- Sudan. OFDA programmed \$38.4 million in FY 2002 through 25 partner agencies in several sectors including primary health, nutrition, water/sanitation, food security, logistics and donor coordination. Since 2001, when President Bush appointed USAID Administrator Natsios as Special Humanitarian Coordinator along with former U.S. Senator John Danforth as Special Envoy for Peace, the U.S. Government has been at the forefront of sustained peace negotiations between the warring Sudanese parties. This involvement has led to a formal cease fire agreement for the Nuba Mountains, a negotiated agreement for the cessation of attacks against civilians, established periods of tranquility, and promoted an international inquiry into slavery in Sudan. U.S. involvement helped create a favorable environment for peace talks under the auspices of the regional Intergovernmental Authority on Development (IGAD) that produced the Machakos Protocol, signed by the Government of Sudan (GOS) and Sudan People's Liberation Army on July 20, 2002. Despite these notable gains, constraints to humanitarian assistance continue. For example, the GOS has expanded the ban on all flights to Eastern Equatoria, placed new restrictions on flights to the Nuba Mountains, and denied access to 61 specific locations in opposition controlled areas. Also, GOS aerial attacks against civilians has increased, forcing humanitarian aid organizations to evacuate staff from numerous locations. USAID and OFDA continue to provide program support to Sudan in the sectors of health, food, security, education and economic revitalization. Both OFDA and USAID are also at the forefront with initiatives directly linked to the peace process and reconciliation.
- Democratic Republic of Congo (DROC). Insecurity, lack of infrastructure, and limited access to vulnerable populations continue to hinder humanitarian assistance in DROC. However, important peace initiatives took place during FY 2002. On July 30, 2002, President Kagame of Rwanda and Kabila of DROC signed a peace agreement in Pretoria, South Africa, and Rwanda pledged to withdraw forces and Hutu militia from the country. On September 6, 2002, the Government of Uganda also signed an agreement to withdraw troops. Most foreign troops (from Angola, Namibia, Rwanda, and Uganda) have withdrawn from DROC during the past year. Insecurity in rural areas persists, restricting access to agricultural land which results in decreased crop yields that contribute to the food security crisis in DROC. During FY 2002, OFDA provided more than \$27 million (\$22 million for the complex emergency and nearly \$5 million in response to the January, 2002 eruption of Mt. Nyiragongo near Goma. OFDA's emergency assistance has been in the food security and nutrition sectors, in its contributions to market infrastructure rehabilitation, and through support of agricultural programs for war-affected, vulnerable and displaced persons. Projects are targeted in the geographic areas with the highest mortality and malnutrition rates. OFDA also provides grants for local capacity building to promote rebuilding of livelihoods. An important component of the OFDA program is the funding of AirServe International to operate three humanitarian aircraft in areas outside government control. Chronic insecurity and conflict continue to put approximately 20 million people at risk in DROC.

Complex emergencies involving civil conflict often complicated by natural disasters account for a significant share of the IDA budget. Although these conflicts fluctuate in intensity, their resolution is very difficult and relief assistance may be necessary for long periods. Increasing emphasis is being placed on applying preparedness and mitigation lessons learned to deal with these emergencies.

Transition Initiatives
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
TI	50,000	55,000	55,000

The Transition Initiatives (TI) account funds humanitarian programs that provide post-conflict assistance to victims of natural and man-made disasters. TI supports USAID’s Democracy, Conflict, and Humanitarian Assistance pillar.

Transition is now defined as including countries moving from war to peace, countries making the turn from civil conflict to national reconciliation, or countries in which political strife has not yet erupted into violence and the possibility exists to prevent or mitigate conflict and broaden democratic participation. Strategies are tailored to meet the unique needs of each transition situation, and changing conditions are quickly reflected in new or modified strategies.

The FY 2004 request will support programs administered by USAID’s Office of Transition Initiatives (OTI). This office addresses the opportunities and challenges facing conflict-prone countries and those making the transition from the initial crisis stage of a complex emergency (frequently handled by USAID’s Office of Foreign Disaster Assistance) toward a more stable political and economic situation. OTI works on the ground to provide fast, flexible, short-term assistance targeted at key transition needs. Its ability to assist local partners in addressing the root causes of conflict is key to bridging the gap between emergency relief and long-term development.

Transition Initiatives programs support U.S. foreign policy priorities in assisting transition countries usually during the critical two-year period when they are most vulnerable to renewed conflict or instability. These short-term, high-impact projects involve local, national, international, and non-governmental partners and are designed to increase momentum for peace, reconciliation, and reconstruction. Tailored strategies are initially tested on a small scale and applied more broadly only when it is clear that they are having a high impact.

In FY 2003, funds will be used for programs in Afghanistan, Angola, Burundi, Democratic Republic of the Congo, Macedonia, Sri Lanka, Sudan, and Venezuela. OTI will cease funding programs in East Timor, Indonesia, Peru, and Serbia and Montenegro. However, it has developed hand-off strategies for each of these country programs and will transfer those OTI-initiated activities which require continuation to identified donors willing to build upon OTI’s work. Additionally, FY 2003 funds will be used to carry out new programs in response to critical junctures and windows of opportunities.

Given the contingent nature of this program, FY 2004 country data is not yet available.

Development Credit Program
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID DCP	7,500	7,500	8,000

The Development Credit Program (DCP) allows USAID to use credit as a flexible development tool for a wide range of development purposes. Credit promotes broad-based economic growth in developing and transitional economies. It is often the best means to leverage private funds for development purposes.

This program augments grant assistance by mobilizing private capital in developing countries for sustainable development projects. DCP is not intended for sovereign credit activities.

For FY 2004, the Administration is requesting new transfer authority from USAID-managed program accounts for \$21 million. Of this amount, \$6 million will be used to guarantee loans and loan portfolios in every regional of the globe, and in every economic sector. The balance, \$15 million will be used to support the U.S. Government's commitment at the World Summit on Sustainable Development (WSSD) to the Water for the Poor Initiative, a critical component in achieving the UN Millennium Development Goal of cutting in half the proportion of people who are unable to reach or afford safe drinking water.

To conform to the Federal Credit Reform Act of 1992, the \$8 million appropriation request for credit administrative expenses reflects the total costs of development, implementation, and financial management of all USAID credit programs.

USAID Operating Expenses
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID OE	549,000	572,200	604,100
USAID OE-ERF	15,000	0	0
USAID OE-SUP	7,000	0	0

For FY 2004 the Administration is requesting Operating Expenses (OE) to fund salaries, benefits, and other administrative costs for the \$7.8 billion in programs managed by USAID which include: Development Assistance, Child Survival and Health Program Fund, Transition Initiatives, International Disaster Assistance, Economic Support Fund, Assistance for Eastern Europe and the Baltic States, Assistance for the Independent States of the Former Soviet Union, and P.L. 480 Title II food aid.

Within this budget, we are expanding missions in Afghanistan and Pakistan, hiring additional U.S. Direct Hire (USDH) HIV/AIDS specialists, and providing for the costs of increased security worldwide.

As a part of the Department of State's Diplomatic Readiness Initiative, USAID will recruit, train and assign up to 50 Foreign Service Officers in FY 2004. These new positions will begin limiting staffing gaps resulting from retirement of Foreign Service Officers.

This request will also enable foreign service national staff who work in countries without a viable social security system to participate in a global retirement fund. It also funds increases for the International Cooperative Administrative Support Services (ICASS) system, which provides administrative support to all agencies with overseas presence.

USAID Capital Investment Fund
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID CIF	0	95,000	146,300

For FY 2004 the Administration is requesting no-year funding for the Capital Investment Fund to provide USAID with flexibility to manage investments in information technology and facility construction. The Capital Investment Fund provides funding for the capital investment component of both information technology and facility construction. Operating Expenses funds the non-capital investment component, which covers the annual operating costs and maintenance of information systems and facilities infrastructure.

Information Technology (\$20 million) to support major systems and infrastructure improvement projects that will have a substantial impact on operations and results. USAID, in collaboration with the Department of State, will develop enterprise architecture and extend its integrated core accounting system to the field operations. This project is part of the proposed plan to modernize USAID's business systems worldwide through the expansion of the Agency's core accounting system to include overseas missions in developing countries. This budget will also help fund a new procurement system and will facilitate E-Gov initiatives.

Facility Construction (\$126 million) will fund new office facilities co-located on new embassy compounds where State will have begun construction by the end of 2003. For construction projects that are to begin in 2004, funding for USAID facilities is included in the request for Embassy Security, Construction and Maintenance. The Secure Construction and Counterterrorism Act of 1999 requires that USAID co-locate on new embassy compounds.

USAID Inspector General Operating Expenses
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID OIG	31,500	32,700	35,000

The FY 2004 request for the USAID Office of the Inspector General (OIG) covers operating expenses, including salaries, expenses, and support costs of OIG personnel.

The goals of the OIG are to:

- Assist USAID to implement its strategies for sustainable development and provide USAID managers with information and recommendations that improve program and operational performance.
- Work with USAID to protect and maintain the integrity of the Agency and its programs by investigating allegations of federal criminal violations and serious administrative violations involving USAID programs and personnel.

The OIG's mandate involves USAID programs and personnel operating in over 80 different countries around the world.